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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

16 November 1961

REVISED

STAFF MEMORANDUM NO. 70-61 (Internal ONE Working Paper --
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SUBJECT: Likely Consequences of Various US Courses of Action
on the Volta Dam (Draft for Board Consideration)

1. Most African and Asian leaders believe that the US, after more than four years of negotiation and innumerable surveys and studies, has committed itself morally and politically to follow through on the Volta dam and smelter project in Ghana. They regard the final signature on the agreement as a mere formality. Although interest in the Volta project is naturally much less acute elsewhere than it is in Ghana itself, recent indications of US uncertainty about whether to follow through with the project, coupled with other indications of US displeasure with Afro-Asian neutralism, notably after the Belgrade Conference, have given the project considerable symbolic significance as a test of US willingness to provide economic assistance without political strings.

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2. African moderates are disturbed over Nkrumah's flamboyant behavior and interference in the affairs of other African states and would not be displeased to see Nkrumah chastized. They would be fearful, however, that US hesitation to go ahead with the Volta project might indicate a reluctance to contribute substantially to African development. They would generally prefer to have the US as an alternative source of assistance rather than remaining entirely dependent upon the former Metropoles. While increasingly willing to accept some Bloc assistance, they dislike Nkrumah's method of balancing dependence between the East and the West.

3. Nkrumah personally is heavily committed to the Volta project, and his plans for economic and social development to a considerable extent depend upon it. Nkrumah's one crop economy is already in serious difficulties. He is counting on the Volta project to ameliorate the economic situation by stimulating industrialization. Furthermore, Nkrumah's emphasis on a balance of relations between East and West is the key to both his domestic and foreign policy. The Volta project is an important factor in this balance.

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Contingency No. 1 - US Implementation

4. We believe that the immediate consequence within Ghana of a US decision to proceed would be to bolster markedly Nkrumah's political position and to weaken that of his opponents. The Ghanaian President would use the Volta project to reassure moderate elements within the ruling Convention People's Party that he is able to get aid from the West and to demonstrate that playing-off East and West can prove rewarding. Nkrumah opponents like former finance Minister Bbodemah and Professor K. A. Busia would be deeply disappointed by the decision. Nevertheless, US backing of the Volta project would assure a major US economic presence in Ghana which would tend to counterbalance recent and prospective moves for close relations with the Bloc. This would probably hearten the moderate elements in the CPP and the armed services who oppose closer ties with the Bloc. However, we do not believe that Nkrumah will significantly change the present policies of his regime. He will continue his attempts to reduce the dominating influence which private Western interests have in many sectors of the Ghanaian economy. Moreover, we will continue to develop close economic and political relations with the Bloc.

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5. Africans and Asians generally would interpret a US decision to proceed on the dam as an indication of: (a) growing US tolerance in reacting to the neutralist foreign policies of underdeveloped nations; and (b) greater US willingness to commit its wealth and resources to the development of new African nations. Neutrals, of course, would not cast aside their suspicions of US motives in Africa, but they would regard a decision to go ahead with the Volta project as a good omen. Radical leaders in Africa and Asia would conclude that extremist policies are no obstacle to eligibility for US aid. Leaders who have cooperated with the US would feel that Ghana had been accorded the priority in assistance which they had earned. Moderate leaders in Africa would be subjected to pressure from radical elements in their own countries who would argue that Nkrumah's policies had been proved more productive than theirs.

C Contingency No. 2 - Withdrawal

6. President Nkrumah's reaction would be violent and he would turn even more to the Bloc. He would denounce the US for attaching political strings to the Volta project and try to find new ways to penalize Western interests. In order to maintain the

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pace of development and in view of the sparseness of his own resources he would be likely to accept a much larger degree of dependence upon the Soviet Bloc for Ghana's development assistance.

7. Ghanaian domestic politics also would be affected. Nkrumah generally has sought to maintain a rough balance between radical and moderate supporters within his own ruling Convention People's Party. US disengagement would further strengthen the influence of the radicals within the party, at the expense of the Western-oriented elements within the civil service and the security services.

8. The reactions of African leaders to a formal announcement of US withdrawal from the Volta project would be mixed. Some, like President Tubman of Liberia, Prime Minister Balewa of Nigeria, and most of the leaders of French-speaking African nations who are well disposed to the West probably would sympathize with US motives. However, they would almost certainly be unwilling publicly to support our decision. More important, moderate African figures would be fearful that US withdrawal would open the floodgates to Soviet influence and activity in Africa. Other leaders, and the majority of the African public which is aware of the project, would react in the standard nationalist fashion and accuse the US of a deliberate attempt to punish an

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an African state for not following acceptable policies. The parallel with the US withdrawal from the Aswan Dam project would be widely noted and it would be convincingly argued that no underdeveloped country could afford to take the risk involved in negotiation with the US on a long-term development project.

9. Since most African countries are more interested in aid for themselves than for Ghana, the US probably could mitigate their reaction to its withdrawal from the Volta project by stepping up aid to them. To be effective, however, tangible evidence of a decision to provide such aid would have to be delivered at the time of or very shortly after announcement of withdrawal from the Volta project.

10. Nkrumah will pursue his Pan-African ambitions regardless of the American decision on the Volta project. American withdrawal, however, would stimulate his efforts and given him useful ammunition. Combining the Aswan and Volta experiences, he could well attract the support of younger, more radical elements in West African nations such as Nigeria, Liberia, Senegal, and the Ivory Coast, which are less disposed to accept the moderation of their present leadership.

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11. The Communist Bloc would move quickly to take advantage of the opportunity provided it by the US withdrawal. It would encourage and join in the denunciation of the West and exploit throughout Africa the fears and resentments caused by the US withdrawal. We do not believe that they would offer to take over the proposed Western role in the project. They would be more likely to try to give the impression, through offers of credits, surveys, etc., that they would stand back of Ghana. They would be likely to postpone a decision as to the degree and character of their participation in the project until the repercussions throughout Africa of the US action had become clear.

Contingency No. 3 - Moratorium

12. On balance, we believe US prospects for convincing Nkrumah or other Africans that a moratorium was based upon reasonable economic considerations are slight. The Ghanaian President is more likely to regard any proposal for delay as a rejection and to react emotionally to what would be described as a blatant attempt to blackmail Ghana into complete surrender to American interests. Nkrumah would be supported in this view by the Communist Bloc and an overwhelming majority of African and

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Asian neutrals, and moderate African leaders would be hard pressed to find grounds for publicly supporting our decision. Thus, to all intents and purposes, a US moratorium would have the same immediate effect as withdrawal from the Volta development project.

Conclusion

13. In summary, whereas there would be little significant reaction, either favorable or unfavorable to the US, in Africa and Asia to a decision to proceed with the Volta project, there probably would be a strongly adverse response to a decision to withdraw. The few Afro-Asian allies of the US who might support the US decision would be greatly outnumbered by those African leaders who chose to take the standard nationalist and neutralist line or who feared not to take it. Of great significance in the overall response would be the tendency of African and Asian states to stand together when an issue appears to have been drawn between one of them and a great power. We believe that US withdrawal would have the overall effect of weakening the influence of mod moderates not only in Ghana but in all of West Africa.

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